

43:16A-10

LEGISLATIVE HISTORY CHECKLIST
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(Volunteer firemen--survivors--
extend accidental death benefits
to paid firemen)

NJSA: 43:16A-10

LAWS OF: 1994 **CHAPTER:** 15

BILL NO: A255

SPONSOR(S): Crecco and Kelly

DATE INTRODUCED: Pre-filed

COMMITTEE: **ASSEMBLY:** State Government
SENATE: Budget

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** January 27, 1994
SENATE: March 3, 1994

DATE OF APPROVAL: April 11, 1994

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes
SENATE: Yes

FISCAL NOTE: No

VETO MESSAGE: Yes

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

P.L.1994, CHAPTER 15, approved April 11, 1994
1994 Assembly No. 285

1 **AN ACT concerning eligibility for accidental death benefits in**
2 **the Police and Firemen's Retirement System of New Jersey**
3 **and amending P.L.1944, c.255.**

4
5 **BE IT ENACTED by the Senate and General Assembly of the**
6 **State of New Jersey:**

7 1. Section 10 of P.L.1944, c.255 (C.43:16A-10) is amended to
8 read as follows:

9 10. (1) Upon the death of a member in active service as a
10 result of an accident met in the actual performance of duty at
11 some definite time and place, and such death was not the result
12 of the member's willful negligence, an accidental death benefit
13 shall be payable if a report of the accident is filed in the office
14 of the retirement system within 60 days next following the
15 accident, but the board of trustees may waive such time limit,
16 for a reasonable period, if in the judgment of the board the
17 circumstances warrant such action. No such application shall be
18 valid or acted upon unless it is filed in the office of the
19 retirement system within five years of the date of such death.

20 The provisions of this subsection shall also apply to a member
21 who is a fireman and who dies as a result of an accident met in
22 the actual performance of duty as a volunteer fireman in any
23 municipality in the State, provided the member's death was not
24 the result of the member's willful negligence.

25 (2) Upon the receipt of proper proofs of the death of a member
26 on account of which an accidental death benefit is payable, there
27 shall be paid to his widow or dependent widower a pension of 70%
28 of the compensation, upon which contributions by the member to
29 the annuity savings fund were based in the last year of creditable
30 service, for the use of herself or himself and the children of the
31 deceased member, to continue during her or his widowhood; if
32 there is no surviving widow or dependent widower or in case the
33 widow or dependent widower dies or remarries, 20% of such
34 compensation will be payable to one surviving child, 35% of such
35 compensation to two surviving children in equal shares and if
36 there be three or more children, 60% of such compensation will
37 be payable to such children in equal shares.

38 If there is no surviving widow, dependent widower or child, 25%
39 of the compensation upon which contributions by the member to
40 the annuity savings fund were based in the last year of creditable
41 service, will be payable to one surviving dependent parent or 40%
42 of such compensation will be payable to two surviving parents in

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the
above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 equal shares.

2 In the event of accidental death occurring in the first year of
3 creditable service, the benefits payable pursuant to this
4 subsection, shall be computed at the annual rate of compensation.

5 (3) If there is no surviving widow, dependent widower, child or
6 dependent parent, there shall be paid to any other beneficiary of
7 the deceased member, his aggregate contributions at the time of
8 death.

9 (4) In no case shall the death benefit provided in subsection (2)
10 be less than that provided under subsection (3).

11 (5) In addition to the foregoing benefits payable under
12 subsection (2) or (3), there shall also be paid in one sum to such
13 beneficiary, if living, as the member shall have nominated by
14 written designation duly executed and filed with the retirement
15 system, otherwise to the executor or administrator of the
16 member's estate, an amount equal to 3 1/2 times the
17 compensation upon which contributions by the member to the
18 annuity savings fund were based in the last year of creditable
19 service.

20 (6) In addition to the foregoing benefits, the State shall pay to
21 the member's employer-sponsored health insurance program all
22 health insurance premiums for the coverage of the member's
23 surviving widow or dependent widower and dependent children.

24 (cf: P.L. 1989, c.271,s.1)

25 2. This act shall take effect immediately and shall be
26 retroactive to April 1, 1993.

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31 Provides accidental death benefit for PFRS members who are
32 firemen and who die in performance of duty as a volunteer
33 fireman.

1 equal shares.

2 In the event of accidental death occurring in the first year of
3 creditable service, the benefits, payable pursuant to this
4 subsection, shall be computed at the annual rate of
5 compensation.

6 (3) If there is no surviving widow, dependent widower, child or
7 dependent parent, there shall be paid to any other beneficiary of
8 the deceased member, his aggregate contributions at the time of
9 death.

10 (4) In no case shall the death benefit provided in subsection (2)
11 be less than that provided under subsection (3).

12 (5) In addition to the foregoing benefits payable under
13 subsection (2) or (3), there shall also be paid in one sum to such
14 beneficiary, if living, as the member shall have nominated by
15 written designation duly executed and filed with the retirement
16 system, otherwise to the executor or administrator of the
17 member's estate, an amount equal to 3 1/2 times the
18 compensation upon which contributions by the member to the
19 annuity savings fund were based in the last year of creditable
20 service.

21 (6) In addition to the foregoing benefits, the State shall pay to
22 the member's employer-sponsored health insurance program all
23 health insurance premiums for the coverage of the member's
24 surviving widow or dependent widower and dependent children.

25 (cf: P.L.1989, c.271,s.1)

26 2. This act shall take effect immediately and shall be
27 retroactive to April 1, 1993.

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30 STATEMENT

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32 This bill provides for the payment of the accidental death
33 benefit under the Police and Firemen's Retirement System if a
34 member of PFRS who is a fireman dies as a result of an accident
35 met in the actual performance of duty as a volunteer fireman in
36 any municipality in the State. At present, the accidental death
37 benefit is payable only if the fireman's death is the result of an
38 accident met in the actual performance of his duty as a fulltime
39 fireman.

40 The death benefit is 70% of the fireman's compensation
41 payable to the surviving spouse of the fireman, or if there is no
42 surviving spouse or the spouse dies or remarries, then specified
43 percentages payable to any surviving children, the amount
44 depending on the number of children.

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49 Provides accidental death benefit for PFRS members who are
50 firemen and who die in performance of duty as a volunteer
51 fireman.

ASSEMBLY STATE GOVERNMENT COMMITTEE

STATEMENT TO

ASSEMBLY, No. 255

STATE OF NEW JERSEY

DATED: JANUARY 24, 1994

The Assembly State Government Committee reports favorably Assembly Bill No. 255.

This bill provides that, when a member of the Police and Firemen's Retirement System (PFRS) who is a fireman dies as a result of an accident met in the actual performance of duty as a volunteer fireman in any municipality in the State, the PFRS accidental death benefit shall be payable. At present, the accidental death benefit is payable only if the fireman's death is the result of an accident met in the actual performance of duty as a fulltime fireman.

The accidental death benefit payable under the PFRS includes the following:

(1) A pension of 70% of the decedent's compensation payable to the surviving spouse of the decedent. If there is no surviving spouse or the spouse dies or remarries, then the surviving child or children are eligible to receive a pension of between 25% and 50% of such compensation, depending on the number of those children. If there are no children, a pension of up to 40% of the decedent's compensation is payable to the surviving parent or parents of the decedent. N.J.S.A.43:16A-10(2). If there is no surviving spouse, child, or parent, the member's aggregate contributions are payable to his or her other beneficiary. N.J.S.A.43:16A-10(3);

(2) Payment, to such beneficiary as the decedent shall have designated, of a lump sum equal to 3½ times the decedent's compensation. N.J.S.A.43:16A-10(5); and

(3) Payment to the decedent's employer-sponsored health insurance program of all health insurance premiums for coverage of the surviving widow or dependent widower and dependent children. N.J.S.A.43:16A-10(6).

The benefit provided (N.J.S.A.43:16A-9(1)) to a surviving beneficiary of a PFRS member on account of whose death in active service no accidental death benefit is payable consists of:

(1) the lump sum payment of 3½ times the decedent's compensation; and

(2) return of the decedent's contributions to the retirement system.

This bill was pre-filed for introduction in the 1994 session pending technical review. As reported, the bill includes the changes required by technical review which has been performed.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 255

STATE OF NEW JERSEY

DATED: FEBRUARY 10, 1994

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 255.

Assembly Bill No. 255 provides for the payment of accidental death benefits to the survivors of a paid firefighter who is member of the Police and Firemen's Retirement System (PFRS) and dies as a result of an accident met in the actual performance of duty as a volunteer firefighter. At present, accidental death benefits are payable only if the firefighter's death is the result of an accident met in the performance of duty as a paid firefighter. If a PFRS member dies in circumstances other than in the performance of paid firefighting duties, the surviving beneficiary is paid:

- (1) the lump sum payment of 3½ times the decedent's compensation; and
- (2) return of the decedent's contributions to the retirement system.

The accidental death benefits include: (1) a pension of 70% of the member's compensation in the last year of creditable service payable to the surviving spouse, or if there is no surviving spouse or the spouse dies or remarries, then certain percentages payable to any surviving children; (2) payment to the beneficiary of an amount equal to 3 1/2 times the member's compensation in the last year of creditable service; and (3) payment by the State of all health insurance premiums for the coverage of the firefighter's surviving spouse and children.

This bill would take effect immediately and be retroactive to April 1, 1993.

As reported, this bill is identical to Senate Bill No. 415 of 1994.

FISCAL IMPACT

According to a fiscal note prepared by the Office of Legislative Services (OLS), an estimate of the cost of enacting this legislation cannot be made because there is no information on the number of firefighters who have died or may die during the performance of duty as a volunteer fireman. OLS is aware of only one specific instance of a paid firefighter who died recently while performing as a volunteer firefighter; OLS believes that there would be very few such other instances.

Under current law, a beneficiary of a paid firefighter in PFRS who dies in circumstances other than in the performance of paid firefighting duties receives the firefighter's aggregate contributions to the retirement system plus the life insurance benefit of 3 1/2 times compensation. Based on the average service of 12 years for members in PFRS, a member's contributions would be approximately \$32,100 and the life insurance benefit would be \$151,144.

LEGISLATIVE FISCAL ESTIMATE TO

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ASSEMBLY, No. 255
STATE OF NEW JERSEY

DATED: February 23, 1994

Assembly Bill 255 of 1994 provides for the payment of the accidental death benefit under the Police and Firemen's Retirement System (PFRS) if a member of the PFRS who is a fireman dies as a result of an accident met in the actual performance of duty as a volunteer fireman in any municipality in the State. Under current law, the accidental death benefit is payable only if the fireman's death is the result of an accident met in the actual performance of his duty as a full-time fireman.

The accidental death benefit to a widow or widower is 70 percent of the member's compensation. When there is no spouse, or the spouse is remarried, a benefit equal to 20 percent of compensation is payable to one child, a benefit of 35 percent for two children, and a benefit of 50 percent for three or more children. The benefit is payable while the children are under age 18 or until age 24 if they are full-time students.

In addition to the survivorship pension, the surviving spouse shall also receive a lump sum amount equal to 3 1/2 times the member's final compensation and employer-paid health insurance coverage for the surviving spouse and dependent children.

Neither the Division of Pensions and Benefits nor the Office of Legislative Services (OLS) can estimate the cost of enacting this legislation because there is no information available to indicate the number of members who have died or might in the future die as a result of an accident met in the actual performance of duty as a volunteer fireman. The OLS believes that there are very few instances and notes that according to the July 1, 1992 actuarial valuation of the retirement system, only 64 active members died during the most recent valuation year, six with a beneficiary and 58 without a beneficiary. The valuation does not indicate how many of these members were firemen (versus policemen) or how many died in accidents met while performing as a volunteer fireman.

The OLS notes that under current law, the beneficiary receives the member's aggregate contributions to the retirement system plus the life insurance benefit of 3 1/2 times compensation. The life insurance benefit is estimated to be \$151,144. Based on the average service of 12 years for members in PFRS, a member's contributions would be approximately \$32,100.

The OLS notes that the average salary of a PFRS member is \$43,184 and the average age is 38.5. Assuming the member has a surviving spouse, the lifetime cost of providing a survivor's pension is approximately \$2.8 million. The present value (the total value of this future benefit in 1993 dollars) is \$510,000. Because the survivor would still receive the life insurance benefit of \$151,144, the net additional cost of providing a survivor's pension would be \$477,900 (\$510,000 - \$32,100).

In addition, the survivor would be eligible to receive employer-paid health insurance. According to the Division of Pensions and Benefits, the annual premium rates for participation in the State Health Benefits Program are \$2,883 for single coverage and \$4,258 for parent/child coverage. The division estimates that these annual premiums will increase approximately 9 to 10 percent per year.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.

Under this bill, the survivor of a paid firefighter who dies in the performance of duties as a volunteer will now receive the accidental death benefit pension currently provided only to survivors of paid firefighters who die in the performance of duties as paid firefighters. OLS notes that the average salary of a PFRS member is \$43,184 and the average age is 38.5 years. The lifetime cost of providing a survivor's pension if a deceased firefighter has a survivor is approximately \$2.8 million. The present value (the total value of this future benefit in 1993 dollars) is \$510,000. The net additional cost under this bill of providing a survivor's pension to the survivor of a paid firefighter who dies in the performance of duties as a volunteer firefighter would be \$477,900 (\$510,000 - \$32,100).

In addition, the survivor would be eligible to receive employer-paid health insurance. According to the Division of Pensions and Benefits, the annual premium rates for participation in the State Health Benefits Program are \$2,883 for single coverage and \$4,258 for parent/child coverage. The division estimates that these annual premiums will increase approximately 9 - 10% per year.